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FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC PRIORITY 9660
INFO RUEHAC/AMEMBASSY ASUNCION 8705
RUEHBO/AMEMBASSY BOGOTA 6065
RUEHBR/AMEMBASSY BRASILIA 0028
RUEHBU/AMEMBASSY BUENOS AIRES 7250
RUEHCV/AMEMBASSY CARACAS 4296
RUEHCP/AMEMBASSY COPENHAGEN 0303
RUEHGE/AMEMBASSY GEORGETOWN 0920
RUEHPE/AMEMBASSY LIMA 4629
RUEHMN/AMEMBASSY MONTEVIDEO 6056
RUEHPO/AMEMBASSY PARAMARIBO 0570
RUEHQT/AMEMBASSY QUITO 6913
RUEHSG/AMEMBASSY SANTIAGO 1691
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SUBJECT: USAID AND GOB AGREEMENT ON CHAPARE PHASE OUT

Classified By: A/EcoPol Chief Brian Quigley for reasons 1.4 (b), (d).

¶1. (C) USAID-Bolivia and the Vice Ministers of Social Defense Felipe Caceres and Coca/Integrated Development Geronimo Meneces Mollo have signed an agreement for the orderly phase-out of USAID's work in the Chapare. In the agreement the Government of Bolivia agrees to provide the necessary security to allow USAID to finish ongoing projects in the Tropic of Cochabamba. The bulk of USAID's projects will be completed by June. Vice Minister Caceres told USAID he had President Evo Morales blessing to sign the agreement.

¶2. (C) USAID had pulled out of the Chapare area in June 2008 after receiving threats from the local cocaleros (coca-leaf growers). President Evo Morales at that time publicly congratulated the cocaleros for expelling USAID and in an orchestrated ceremony declared the Chapare region "imperialist free." USAID and the Embassy had repeatedly told different government representatives that it was in everyone's best interest to have an orderly phase-out in order to finish incomplete projects. After nearly half a year of trying, this new agreement allows USAID to do just that. USAID is also working with the Bolivian government to move forward with a package of Yungas area projects (the Yungas being Bolivia's largest coca producing region, rough in terrain and still relatively less developed).

¶3. (SBU) In other developments, USAID is also cooperating with the Vice Ministry of Decentralization (VMD) and the Federation of Municipal Association (FAM) to articulate a Steering Committee for the new USAID Municipal Strengthening Activity (MSA). The Steering Committee will have approval authority for annual work plans, major acquisitions and for the selection of partner municipalities, among other key project authorities. Minister of Planning Carlos Villegas also participated directly in the establishment of the Steering Committee. The Bolivians view this as a pilot project and may seek to apply this model to other foreign assistance projects in the future.

¶4. (C) Comment: Several factors may have contributed to the

Government of Bolivia signing this agreement including the realization that it is in their best interest to have these projects finished, falling oil prices and the resulting tax revenue decreases, and less financial support from Venezuela as a result of the global economic crisis among others. While it is prudent not to read too much into this agreement, it is good news, and combined with the recent meetings with the Minister of Planning may indicate there is a ray of light coming from within the GOB. End comment.

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